

**DEPARTMENT OF GENERAL SERVICES
OFFICE OF PUBLIC SCHOOL CONSTRUCTION**501 J STREET, SUITE 400
SACRAMENTO, CA 95814

October 15, 1996

To : All School District Superintendents and County Superintendents of Schools

Subject : **ADVISORY OF ACTIONS TAKEN BY THE STATE ALLOCATION BOARD AND OTHER ISSUES**

On September 25, 1996, the State Allocation Board (SAB) allocated approximately \$102 million additional funding for eligible priority one projects, certain projects with incorrect priority designations and projects where the priority status were upgraded in accordance with SAB policy. The SAB also addressed other issues including the distribution of the balance of funds available from Proposition 203. Specific actions taken by the SAB are as follows:

Additional Apportionments from Proposition 203 Funds

The SAB made additional apportionments for priority enhancements and for projects that the Chair of the SAB, by delegated authority, can approve date changes that meet the SAB "Date Change" criteria. Pursuant to SAB policy, all requests for priority enhancement must have been received by the Office of Public School Construction (OPSC) no later than August 1, 1996. Since that date has passed, any priority three through eight project where the district had not requested conversion by that date, will be reduced to cost incurred. Additionally, any priority three through eight project not yet approved by the SAB will not be processed and instead will be returned to the district.

Districts with projects apportioned on September 25, 1996, will be notified by the OPSC of the specific action taken.

Consent Calendar

Two items on the consent calendar were specifically discussed as follows:

- a. The SAB advised that districts may request an extension of its time limitation policy regarding the requirement to bid and proceed with the construction of a project within 365 days from the Phase C apportionment date. Requests for time extensions may be made through the appeal process. Note that any requests for time extensions may be approved by the Chair of the SAB through the delegation of authority process.
- b. The SAB will no longer use Lee Saylor construction data for updating the Class D construction cost index. Marshall and Swift data will now be used for both the Class B and Class D construction cost indexes.

Distribution of the Balance of Proposition 203 Funds

Approximately \$1.585 billion has been allocated from Proposition 203 as of the September 25, 1996, SAB meeting. This leaves approximately \$480 million available to allocate to the various programs outlined in the Proposition. The SAB addressed this issue and took the following action:

- a. Set aside \$116.3 million for new construction.
- b. Set aside \$25 million in reserve for new construction hardship projects.
- c. Set aside \$65 million for modernization projects.
- d. Set aside \$49.5 million for modernization projects to address an increase in the educational technology (ET) allowance for modernization projects funded for Phase C with Proposition 203 funds.
- e. Set aside \$45.5 million for specific County Offices of Education ET programs.
- f. Set aside \$95 million for relocatables to address a class size reduction program.
- g. Set aside \$30 million for high priority roof replacement projects.
- h. Set aside \$40 million for 60/40 projects.
- i. Set aside \$14.6 million in reserve for modernization projects.

In addition, the SAB took action to adopt specific program criteria for the additional educational technology allowance, the roof replacement program and the 60/40 program (see attachment).

Any district that has a modernization project which was funded for Phase C from Proposition 203 funds may receive an augmentation in the ET allowance. However, prior to the release of funds, the OPSC has requested a clarification of the action taken by the SAB regarding funding for ET allowance for those modernization projects which will not be funded for Phase C from Proposition 203 funds. Therefore, specific details regarding the allocation and subsequent release of this ET allowance will be made by separate letter later this month.

The OPSC is currently working on a proposal for consideration by the Board at the October SAB meeting to address specific criteria for allocation of the \$95 million set aside for relocatables which may be used to address the class size reduction program.

The OPSC has developed and mailed application packages to all districts in early October for the \$30 million set aside for the roof replacement program. In order to be eligible for funding, the complete application must be submitted to the OPSC no later than December 31, 1996. Should you have questions regarding the application process or the distribution of the \$30 million available for this program, please call Sally Lemenager at (916) 323-0139 or via e-mail to slemenager@dgs.ca.gov.

The OPSC will also accept requests for 60/40 financing of projects. To be eligible for processing as a 60/40 application, the district must submit the following to the OPSC:

1. The application number of the project requesting 60/40 funding.
2. A certification from the district that it has received a letter of acceptance from the Division of State Architect for review of the final plans and specifications (P&S) for the project.
3. The final "unapproved" P&S with appropriate costs estimates for the project requesting 60/40 funding.
4. Current enrollment certification (Form SAB 411B). This data will be used to determine if the project continues to be justified for construction.
5. Form SAB 520 (District Financial Plan) which addresses the 60% district contribution.

Be aware that 60/40 requests will be processed based on the date of submittal to the OPSC of all the information noted above. All requests for 60/40 funding or specific information regarding this program should be directed to Cruz Naranjo at (916) 322-1838 or via e-mail at cnaranjo@dgs.ca.gov.

Deferred Maintenance Funding

The SAB took action to allocate funds available to the Deferred Maintenance Program as follows:

- a. Allocated approximately \$49.7 million for critical hardship requests.
- b. Reserved approximately \$1.8 million for critical hardship future funding.
- c. Allocated approximately \$39.4 million for the basic apportionments. This amount represents prorated funding at approximately 25% of the district's requests.

The SAB allocated funding for new critical hardship projects and basic apportionment requests at the September 25, 1996, meeting. Districts with previously approved critical hardship projects that need additional funding will be presented to the SAB for consideration of approval at the October 23, 1996, SAB meeting.

Amendments to the Construction Management (CM) Policy

The SAB took action to amend the CM Policy and allow the services of a CM for construction and post construction phase services, provided the contract for such services is executed prior to the opening of construction bids and the Phase C was funded from Proposition 203 funds or a later bond issue. Previous policy required that these services must be under contract prior to the Phase C approval. Districts considering these services because of the time limitation policy may instead request an extension of the time limit (i.e. 365 days) through the approval process.

Streamlining of Administrative Procedures

Action was taken by the SAB to streamline certain administrative procedures as follows:

- a. Reduced the documents required for release of planning, site and construction funds.
- b. Authorized a fully self certified Disabled Veteran Business Enterprise (DVBE) program.
- c. Directed the OPSC and the SAB Implementation Committee to consider the development of "overall" allowances for new construction and modernization projects.
- d. Approved the use of a revised self certification process for all 50/50 applications for new construction and modernization that are approved out of the next bond issue.

Specific documentation now required at each phase of the application process to receive funds is outlined in the attachment regarding the streamlining proposals. The OPSC is currently modifying the fund release process to incorporate these new provisions.

As part of the bid process, districts may now self certify the DVBE requirements when submitting the bid documents to the OPSC for review and subsequent SAB consideration for approval. Self certification may be done by separate letter or on the bid summary (Form SAB 515). This form is currently being modified to include this new program provision. Should you need assistance or clarification on this issue, please call Dave Zian at (916) 322-5263 or via e-mail at dzian@dgs.ca.gov.

The OPSC is currently developing a proposal for use of an "overall" allowance by the SAB for both new construction and modernization projects. These proposals should be ready for review and consideration by the SAB Implementation Committee by December.

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October 15,

The OPSC is preparing a revised self certification package for 50/50 new construction and modernization projects. These packages will be available for use by districts no later than October 30, 1996. Once the self certification packages are available, the OPSC will be conducting workshops throughout the state on the self certification process and completion of the required documents. Notifications of the dates and locations of these workshops will be available sometime in November.

Other Issues

The SAB did not take action to approve a policy for allocation of the Public Utility Commission funding made available by AB 1302 (Murray) and AB 1519 (Morrow), Chapter 17, Statutes of 1996. This proposal was held over until the October 23, 1996, SAB meeting.

I would like to thank you for your patience and understanding which has allowed the OPSC staff to address the distribution of the funding available from Proposition 203. As you may recall, the SAB directed the OPSC staff to prioritize workload by first addressing the release of Proposition 203 funds (i.e. fund releases and bids), priority one (new construction and modernization) projects, health and safety appeals and also on-going project cost increases. The OPSC will continue this processing priority but will endeavor to address the non-health and safety appeals as soon as possible.

For your convenience, copies of the applicable agenda items regarding the issues noted above are enclosed. Should you have questions regarding the content of this letter, please direct your calls to your project manager.

Sincerely,

TED W. DUTTON
Executive Officer

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Attachments